

MALOOF BROWNE & EAGAN LLC

DAVID T. MALOOF

411 Theodore Fremd Ave., Suite 190
Rye, New York 10580
Telephone (914) 921-1200
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E-mail: dmaloof@maloofandbrowne.com
August 17, 2007

Facsimile - 29 Pages

Mr. Dan White
Vice President
Yellowstone Trucking Inc.
3448 N. Heuter Rd.
Coeur d' Alene, ID 83814
Tel: (208) 765-3212
Fax: (208) 667-8160
Email: dwhite@yellowstonetrucking.com

Re:	Revised Cargo Claim
Carrier:	Yellowstone Trucking Inc.
Shipping Order No.:	216745 and 216746 Issued 06/12/06
Carriage:	Pebbles, Ohio to Tukwila, Washington
Date of loss:	June 13, 2006
Cargo:	CFM 56-7B Jet Aircraft Engine #892-976 CFM 56-7B Jet Aircraft Engine #892-978
Revised Claim Amount:	\$5, 750,000.00
Your Ref:	C-19-07
Our Ref:	2401.03

Dear Mr. White:

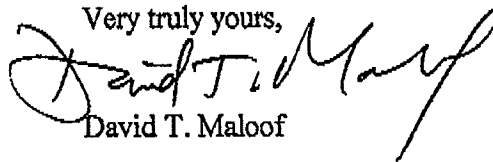
We represent the cargo insurers with respect to the referenced cargo claim. We hereby again make claim on your company and again demand payment.

Our claim has been reduced to \$5, 750,000.00, as explained in the enclosed report.

If you would like to resolve this without litigation, please contact me at your earliest convenience.

Thank you.

Very truly yours,


David T. Maloof

\\SERVER1\Company\WP-DOCS\2401.03\081707 revised Claim letter to Yellowstone.doc



TMC Company File
000159

Cc: Mr. Todd L. Bunting
Executive Vice President of Safety
TMC Transportation Inc.
PO Box 1774
Des Moines, Iowa 50306
Tel: (515) 287-6380 Ext: 3585
Fax: (515) 287-7650
Email: toodb@tmctrans.com

DTM/mg
Enclosures

McLarens Young International

GLOBAL CLAIMS SERVICES



19324 40th Avenue W., Suite C
Lynnwood, WA 98036
Tel 425 778-3810
Fax 425 778-4375
www.mclarensyoung.com

August 10, 2007

INDEMNITY PAYMENT REQUEST

To: Interested Insurers & Underwriters
(Per Attached Schedule)

RE: Report No. 11	:	Interim
Assured	:	THE BOEING COMPANY
Policy No.	:	Per Attached Schedule
Policy Term	:	February 15, 2006- February 15, 2007
Date of Loss	:	June 13, 2006
Type of Loss	:	Transit
Loss Location	:	Pebbles, OH – Tukwila, WA
Assured's Broker	:	Marsh USA, Inc. – Seattle, WA
Our File No.	:	03.002279.MI-T
Your Reference	:	PLEASE ADVISE

Ladies and Gentlemen:

We herewith submit our interim report regarding the above referenced claim for your consideration.

ENCLOSURE:

1. Schedule of Insurers and Apportionment
2. Proof of Loss
3. Engine Salvage Report – Charles Taylor Aviation

COVERAGE:

Coverage is provided for Domestic Inland Transit to a primary limit of \$100 million excess a \$250,000 occurrence deductible with additional provisions for Business Interruption subject a 30 day waiting period. Inland Transit Coverage is provided to aviation products and merchandise of every description and is insured against All Risks of Physical Loss or Damage, from any external cause, as defined and limited.

Interested Insurors & Underwriters
MYI File 03.002279.MI-T
August 10, 2007
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Valuation for property in transit is as follows:

"A.

1. *Property in transit, at the amount of invoice price, any and all freight charges in the invoice including prepaid and/or advanced and/or guaranteed freight, if any, plus 25%, or, if there is no invoice at actual selling price at point of destination less any charges saved which would have become due and payable upon delivery at destination, or if there is no selling price, at replacement cost including such freight charges as may have accrued and become legally due thereon. or, the amount required by instructions received by the Insured or at the amount declared, provided such instructions or declarations are made, but in no event to be less than the foregoing. Containers owned by the Insured: The value is agreed to be the purchase price less depreciation;."*

DATE OF LOSS:

June 13, 2006

LOCATION OF LOSS:

Milepost 38 on Interstate 74 in Knox County, Illinois.

PROPERTY INVOLVED:

CFM 56-7B Jet Aircraft Engine, #892-976

CFM 56-7B Jet Aircraft Engine, #892-978

NATURE OF LOSS:

Vehicle upset.

RECOMMENDED SETTLEMENT :

CFM-56 Jet Engines-net of salvage	\$6,000,000
<u>Less Deductible</u>	<u>\$250,000</u>
Claim to Policy	\$5,750,000

Interested Insurors & Underwriters
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INVESTIGATION:**Assured:**

The Boeing Company
100 North Riverside Plaza
Chicago, IL 60606

Primary Contact:

Elizabeth Rosenfeld, Esq.
Manager Insurance Litigation & Liability Risks
The Boeing Company
100 North Riverside MC 5003-3357
Chicago, IL 60606

Ph: 312-544-2175
Fax : 312-544-2092
elizabeth.a.rosenfeld@boeing.com

OCCURRENCE:

Loss results from upset of vehicle occurring 7:35 am June 13, 2006 at milepost 38 on Interstate 74 in Knox County, Illinois.

SUBROGATION:

Underwriter's subrogation interests are represented by:

Maloof Browne & Egan, LLC.
441 Theodore Fremd Ave., Suite 190
Rye, NY 10508

Phone: (914)921-1200
Email: DMaloof@MaloofandBrowne.com

SETTLEMENT:

With the consent of leading underwriters, we herewith propose final settlement in the net amount of \$5,750,000. Additionally, underwriters will retain exclusive rights to any recovery achieved through subrogation.

Negotiations with The Boeing Company have been ongoing for some time now and were finalized during a recent meeting between leading underwriters and representatives for The Boeing Company.

Interested Insurers & Underwriters
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In effecting the settlement, leading underwriters considered the following information:

Physical Damage:

While the cost of repair to the engines was not considered exceptional, (combined repairs slightly exceeded the sum of \$2.1 million) it was the nature of the damage and stigmatization by GE that made the engines unusable on new aircraft.

As such, the recommended adjustment is based upon the invoiced value of identical, replacement engines. This approach allows underwriters the full benefit of trade discounts included within the invoice for the replacement engines from GE¹ which may have been available on the original invoice.

The invoiced value for the engines totaled \$13,576,557 and it was this value that was used in the adjustment. Please refer to Report #5, enclosure #2 to view the invoice.

Salvage:

Charles Taylor Aviation (CTa) assisted in the evaluation of salvage value and their findings and recommendations are attached as enclosure #2 to this report. CTa concluded that given the substantial value of the engine contrasted against relatively low repair cost, significant salvage value existed for each of the engines. CTa speculated to us the best potential salvage market for the engines would be an aircraft leasing company who would have need to change out engines during maintenance in order to keep the aircraft operational.

CTa contacted GA Telesis, such a leasing company, and discussed the situation with them without making reference to either The Boeing Company or the engine serial numbers. As per enclosure #2, GA Telesis speculated the potential salvage value would be \$4 – \$5 million.

Given policy provisions allowing The Boeing Company control of salvage along with some concern that a process involving salvage bids may result in a lower than expected value, we recommended underwriters approach The Boeing Company and seek to negotiate the value of engine salvage. Presuming a value within the range suggested by CTa could be achieved, it made sense to avoid the

¹ The invoice for the replacement engines included discounts originally negotiated by Boeing's customer, Southwest Airlines. Typically, the aircraft owner will negotiate directly with GE and the final price of the engines, including negotiated discounts, is thereafter invoiced to Boeing. This is with the understanding that the engines will be installed on the customer's aircraft. Invoicing by GE to Boeing takes place after the engines are installed on the aircraft. Because these engines were not installed on Southwest's aircraft, it was suggested that the negotiated discount of \$295,000 per engine, may not apply.

Interested Insurers & Underwriters
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August 10, 2007
Page 5

potential downside of a bidding process. If however, the value could not be negotiated with Boeing, then bidders could be invited to inspect the engines.

UPLIFT:

Policy provisions allow for an additional 25% to be applied to the invoice value.

SUMMARY:

Given the value of the engines, policy provisions allowing for uplift and presuming CTA's maximum estimate for salvage without deduction for brokerage was realized, the best settlement underwriters might have expected could be summarized as follows:

Line #	Item	Amount	Comment/Source
1	CFM56-7 22844	\$6,788,278	Per GE Invoiced Price
2	CFM56-7 22845	\$6,788,279	Per GE Invoiced Price
3	Total Engine Value	\$13,576,557	Total of Lines 1 & 2
4	Uplift @ 25.00%	\$3,394,139	Line 3 x uplift %
5	Exposure to Policy Less: Estimated	\$16,970,696	Total of Lines 3 & 4
6	Salvage	\$10,000,000	\$5.0 million per engine
7	Claim to Policy	\$6,970,696	Line 5 less Line 6
8	Less: Deductible	\$250,000	Policy Terms and Conditions
9	Claim to Policy	\$6,720,696	Line 7 less Line 8

The recommended settlement of \$5,750,000, net of deductible falls well within this range and has been approved by both the London/Policy leader (RSA) and the Domestic leader (XL).

We are able to advise that The Boeing Company has also agreed the terms as proposed.

PAYMENT REQUESTED:

With permission of leading underwriters, McLarens Young herewith recommends final payment as follows:

Interested Insurors & Underwriters
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Company	%	Amount
Royal Sun Alliance Underwriters at	30.00%	\$1,725,000.00
Lloyds	28.50%	\$1,638,750.00
XL Brockbank	10.00%	\$575,000.00
Mitsui	5.00%	\$287,500.00
Tokio Marine	5.00%	\$287,500.00
RLI Insurance	2.50%	\$143,750.00
Fireman's Fund	2.00%	\$115,000.00
St. Paul Travelers	1.00%	\$57,500.00
Great American	1.00%	\$57,500.00
Hartford	1.00%	\$57,500.00
Astro II	10.00%	\$575,000.00
Astro II	4.00%	\$230,000.00
Total Claim to Policy	100.00%	\$5,750,000.00

Wire Transfer (Preferred)

Below are the wire instructions for The Boeing Company:

Vendor Name: The Boeing Company
Beneficiary Bank: Chase Manhattan Bank
Name on Bank Account: The Boeing Company
Bank Account Number: 910 2 776581
ABA #: 021 000 021
Bank Contact Person: Claudia Alcantar
Bank Contact Phone Number: (312) 544-2152
Tax ID#: 91-0425694

Please provide supporting documentation by mail, fax, or e-mail.

Thank you.

Claudia Alcantar
Accounting Specialist, Risk Finance & Accounting
100 N Riverside MC 5003-3357
Chicago, IL 60606-1596
Tel. (312) 544-2152
Fax (312) 544-2092
claudia.alcantar@boeing.com

Wire Transfer Instruction Continued: Please notify mark.walters@marsh.com of payments as well as those individuals identified above.

Mailing Instruction:

In the event Underwriters are unable to issue payment by wire transfer, payment by check may be issued as follows:

Interested Insurers & Underwriters
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Payable to: The Boeing Company

Mail to: Marsh USA
1215 4th Ave. Suite 2300
Seattle, WA 98161
Attn: Mark Walters (Personal and Confidential)

REMARKS:

The first party adjustment file will be closed as soon as our consultant's billing is received. Subrogation will be pursued by underwriter's counsel who will report directly.

Please anticipate our closing report within 10 days.

Very Truly Yours,
MCLARENS YOUNG INTERNATIONAL

Timothy D. Owen, CPCU
Vice President
Email: tim.owen@mclarensyoung.com
Direct Line: (425)640-4544

TDO/cbm
Encls.
03002279_Rpt.11.doc

ENCLOSURE #1

Schedule of Insurors and Apportionment

SCHEDULE OF INSURORS

The Boeing Company

February 15, 2006 - February 15, 2007

June 13, 2006

Damage in Transit (Pebbles, OH - Tukwila, WA)

Insuror	Policy No.	Claim No.	Participation	Amount
Underwriters at Lloyds C/o Marsh - HYNIX 1 Tower Place West London EC3R 5BU England Attn: Nick Bartholomew Phone: 01144 160 320 7613 Fax: 01144 160 320 7075 nick.bartholomew@marsh.com	JA487006	JC4870040003	28.50%	\$28,500,000
Royal Sun Alliance C/o Marsh - HYNIX 1 Tower Place West London EC3R 5BU England Attn: Nick Bartholomew Phone: 01144 160 320 7613 Fax: 01144 160 320 7075 nick.bartholomew@marsh.com	JC487006	JC4870040003	30.00%	\$ 30,000,000
RLI Insurance 9025 N. Lindbergh Dr. Peoria, IL 61615 Attn: Victor Corso Phone: (309)692-1000 Fax: (309)692-6796 Victor_Corso@rlicorp.com	CAR300008	Please Advise	2.50%	\$ 2,500,000
St. Paul Travelers 200 N. LaSalle, Ste. 2100 Chicago, IL 60601 Attn: Carol Gregory Phone: 312-917-3604 Fax: 312-917-2130 cggregory@travelers.com	OC01200749	AES 1736	1.00%	\$ 1,000,000
Continued on Next Page				

SCHEDULE OF INSURORS

The Boeing Company

June 13, 2006

Damage in Transit (Pebbles, OH - Tukwila, WA)

Insuror	Policy No.	Claim No.	Participation	Amount
Great American Insurance Co. 65 Broadway, 20th Floor New York, NY 10006 Attn: Ben Lombardi Phone: (510)988-2225 Fax: (510)935-8636 blombardi@gaic.com	OMC5389697	Please Advise	1.00%	\$ 1,000,000
Mitsui Sumitomo 560 Lexington Ave. 20th Floor New York, NY 10022 Attn: Michael Osorio Phone: (212)230-2964 Fax: (212)319-7061 MOsorio@msicus.com	OCMM001130	OA102921	5.00%	\$ 5,000,000
Tokio Marine 230 Park Avenue New York, NY 10169 Attn: Patricia Quinn Phone: (212)297-6752 Fax: (212)297-6968 Patricia.Quinn@tmclaimsservice.com	T060010666	NG006-0267	5.00%	\$ 5,000,000
XL Marine 99 Park Avenue, 3rd Floor New York, NY 10016 Attn: Jonathan O'Hara Phone: (212) 331-1304 Fax: (212) 331-1300 jonathan.ohara@xlgroup.com	UM00012841CR06A	UM00004059	10.00%	\$ 10,000,000
Fireman's Fund 33 W. Monroe St. Ste.1200 Chicago, IL 60603-5316 Attn: Craig Pearson Phone: (312)441-6224 Fax: (312)441-6220 craig.pearson@fflc.com	OC-96079200	20036261	2.00%	\$ 2,000,000
Page 2 of 3 Continued on Next Page				

SCHEDULE OF INSURORS

The Boeing Company

June 13, 2008

Damage in Transit (Pebbles, OH - Tukwila, WA)

Insuror	Policy No.	Claim No.	Participation	Amount
Astro II c/o Aon Insurance Managers 76 Paul Street, Suite 500 Burlington, VT 05401-4477 Attn: Thao T. Nguyen Thao_Nguyen@aql.aon.com cc: Marsh USA 1215 4th Ave. Suite 2300 Seattle, WA 98161 Attn: Mark Walters cc: The Boeing Company - WHQ 100 North Riverside Plaza MC 5003-3357 Chicago IL 60606 Attn: Elizabeth Rosenfeld and Shelly Hubicki	314-1-06MAR	Please Advise	10.00%	\$ 10,000,000
Astro II c/o Aon Insurance Managers 76 Paul Street, Suite 500 Burlington, VT 05401-4477 Attn: Thao T. Nguyen cc: C/o The Baloise Insurance Company PO Box Aeschengraben 21 4000 Basle, Switzerland Attn: Priska Hostettler priska.hostettler@baloise.ch Phone: 011 4161 285 71 87 Fax: 011 4161 285 90 09	314-1-06MAR	506.06	4.00%	\$ 4,000,000
Hartford PO Box 3122 Naperville IL 60566 Attn: Sherry Ortega Phone: (800)843-7006 X 28845 Fax: (800)380-9699 Sherry.Ortega@thehartford.com	83CTPAJ7978	CP6559641	1.00%	\$ 1,000,000
Page 3 of 3				

ENCLOSURE #2

Proof of Loss

Amount of Policy at Time of Loss:

\$10,000,000

Date Issued:

12/15/064

Date Expires:

12/15/07

**SWORN STATEMENT
IN
PROOF OF LOSS**

Policy Number:

UM00012841CR06A

Agent:

Marsh USA Inc.

Seattle, WA

To the XL Insurance Company

At the time of loss, by the above indicated policy of insurance, you insured -

The Boeing Company

against loss to the property described according to the terms and conditions of said policy and of all forms, endorsements, transfers, and assignments attached hereto.

**TIME AND
ORIGIN**

A transit Loss occurred about the hour of _____ o'clock _____ m., on
the 13th day of June 200 6, the cause and origin of the said loss were:
Jet engines damaged in transit.

**TITLE AND
INTEREST**

At the time of the loss, the interest of your insured in the property described herein was owner.
No other person or persons had any interest therein or encumbrance thereon, except: n/a.

CHANGES

Since the said policy was issued, there has been no assignment thereof, or change or interest, use,
occupancy, possessions, location, or exposure of the property described except n/a.

**TOTAL
INSURANCE**

THE TOTAL AMOUNT OF INSURANCE upon the property described by this policy was, at the time of loss
\$100,000,000 as more particularly specified in the apportionment attached, besides which there was no
policy or other contract of insurance, written or oral, valid or invalid.

VALUE

THE ACTUAL CASH VALUE of said property at the time of loss was

\$

LOSS

THE WHOLE LOSS AND DAMAGE was

\$5,750,000

AMOUNT

THE AMOUNT CLAIMED under the above numbered policy is

\$575,000 (10%)

STATEMENTS

The said loss did not originate by any act, design or procurement on the part of your insured, or this affiant;
nothing has been done by or with privity or consent of your insured or this affiant, to violate the conditions of
the policy, or render it void; no articles are mentioned herein or in annexed schedules but such as were
destroyed or damaged at the time of said loss; no property saved has in any manner been concealed, and no
attempt to deceive the said company, as to the extent of said loss, has in any manner been made. Any other
information that may be required will be furnished and considered a part of this proof.

The furnishing of this blank or the preparation of its proofs by a representative of the above insurance
company is not a waiver of any of its rights.

State of
County of

Illinois
Cook

[Signature]

Insured

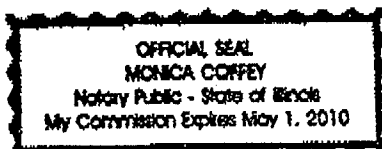
Subscribed and sworn before me this

8th

Day of

August 200 7
[Signature]

Notary Public



Amount of Policy at Time of Loss:

\$4,000,000

Date Issued:

12/15/064

Date Expires:

12/15/07

**SWORN STATEMENT
IN
PROOF OF LOSS**

Policy Number:

314-1-06MAR

Agent:

Marsh USA Inc.Seattle, WATo the ASTRO (Baloise Insurance Company)

At the time of loss, by the above indicated policy of insurance, you insured -

The Boeing Company

against loss to the property described according to the terms and conditions of said policy and of all forms, endorsements, transfers, and assignments attached hereto.

**TIME AND
ORIGIN**

A transit Loss occurred about the hour of _____ o'clock _____ m., on
the 13th day of June 200 6, the cause and origin of the said loss were:
Jet engines damaged in transit.

**TITLE AND
INTEREST**

At the time of the loss, the interest of your insured in the property described herein was owner.
No other person or persons had any interest therein or encumbrance thereon, except: n/a.

CHANGES

Since the said policy was issued, there has been no assignment thereof, or change or interest, use,
occupancy, possessions, location, or exposure of the property described except n/a.

**TOTAL
INSURANCE**

THE TOTAL AMOUNT OF INSURANCE upon the property described by this policy was, at the time of loss
\$100,000,000 as more particularly specified in the apportionment attached, besides which there was no
policy or other contract of insurance, written or oral, valid or invalid.

VALUE

THE ACTUAL CASH VALUE of said property at the time of loss was

\$

LOSS

THE WHOLE LOSS AND DAMAGE was

\$5,750,000

AMOUNT

THE AMOUNT CLAIMED under the above numbered policy is

\$230,000 (4%)

STATEMENTS

The said loss did not originate by any act, design or procurement on the part of your insured, or this affiant;
nothing has been done by or with privity or consent of your insured or this affiant, to violate the conditions of
the policy, or render it void; no articles are mentioned herein or in annexed schedules but such as were
destroyed or damaged at the time of said loss; no property saved has in any manner been concealed, and no
attempt to deceive the said company, as to the extent of said loss, has in any manner been made. Any other
information that may be required will be furnished and considered a part of this proof.

The furnishing of this blank or the preparation of its proofs by a representative of the above insurance
company is not a waiver of any of its rights.

State of
County of

Illinois
Cook

[Signature]

Insured

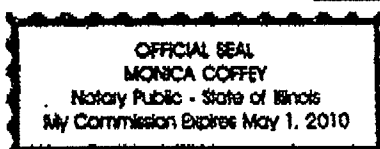
Subscribed and sworn before me this

8th

Day of

August 200 7
Monica Coffey

Notary Public



Amount of Policy at Time of Loss:

\$10,000,000

Date Issued:

12/15/064

Date Expires:

12/15/07

**SWORN STATEMENT
IN
PROOF OF LOSS**

Policy Number:

314-1-06MAR

Agent:

Marsh USA Inc.Seattle, WATo the ASTRO (Zurich Insurance Company)

At the time of loss, by the above indicated policy of insurance, you insured -

The Boeing Company

against loss to the property described according to the terms and conditions of said policy and of all forms, endorsements, transfers, and assignments attached hereto.

**TIME AND
ORIGIN**

A transit Loss occurred about the hour of _____ o'clock _____ m., on the 13th day of June 200 6, the cause and origin of the said loss were:
Jet engines damaged in transit.

**TITLE AND
INTEREST**

At the time of the loss, the interest of your insured in the property described herein was owner.
No other person or persons had any interest therein or encumbrance thereon, except: n/a.

CHANGES

Since the said policy was issued, there has been no assignment thereof, or change or interest, use, occupancy, possessions, location, or exposure of the property described except n/a.

**TOTAL
INSURANCE**

THE TOTAL AMOUNT OF INSURANCE upon the property described by this policy was, at the time of loss \$100,000,000 as more particularly specified in the apportionment attached, besides which there was no policy or other contract of insurance, written or oral, valid or invalid.

VALUE

THE ACTUAL CASH VALUE of said property at the time of loss was

\$ _____

LOSS

THE WHOLE LOSS AND DAMAGE was

\$5,750,000

AMOUNT

THE AMOUNT CLAIMED under the above numbered policy is

\$575,000 (10%)

STATEMENTS

The said loss did not originate by any act, design or procurement on the part of your insured, or this affiant; nothing has been done by or with privity or consent of your insured or this affiant, to violate the conditions of the policy, or render it void; no articles are mentioned herein or in annexed schedules but such as were destroyed or damaged at the time of said loss; no property saved has in any manner been concealed, and no attempt to deceive the said company, as to the extent of said loss, has in any manner been made. Any other information that may be required will be furnished and considered a part of this proof.

The furnishing of this blank or the preparation of its proofs by a representative of the above insurance company is not a waiver of any of its rights.

State of

Illinois

County of

Cook

Insured

Subscribed and sworn before me this

8th

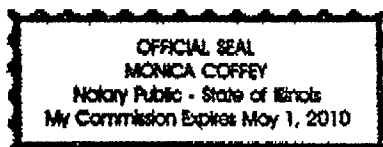
Day of

August

200

7

Notary Public



From: unknown

Page: 18/29

Date: 8/17/2007 12:09:40 PM

Amount of Policy at Time of Loss:

\$2,000,000

Date Issued:

02/15/064

Date Expires:

02/15/07

**SWORN STATEMENT
IN
PROOF OF LOSS**

Policy Number:

OC96079200

Agent:

Marsh USA Inc.

Seattle, WA

To the Fireman's Fund Insurance Company

At the time of loss, by the above indicated policy of insurance, you insured -

The Boeing Company

against loss to the property described according to the terms and conditions of said policy and of all forms, endorsements, transfers, and assignments attached hereto.

**TIME AND
ORIGIN**

A transit Loss occurred about the hour of _____ o'clock _____ m., on the 13th day of June 200 6, the cause and origin of the said loss were: Jet engines damaged in transit.

**TITLE AND
INTEREST**

At the time of the loss, the interest of your insured in the property described herein was owner.

No other person or persons had any interest therein or encumbrance thereon, except: n/a.

CHANGES

Since the said policy was issued, there has been no assignment thereof, or change or interest, use, occupancy, possessions, location, or exposure of the property described except n/a.

**TOTAL
INSURANCE**

THE TOTAL AMOUNT OF INSURANCE upon the property described by this policy was, at the time of loss \$100,000,000 as more particularly specified in the apportionment attached, besides which there was no policy or other contract of insurance, written or oral, valid or invalid.

VALUE

THE ACTUAL CASH VALUE of said property at the time of loss was

\$

LOSS

THE WHOLE LOSS AND DAMAGE was

\$5,750,000

AMOUNT

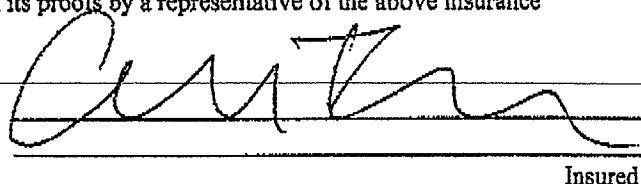
THE AMOUNT CLAIMED under the above numbered policy is

\$115,000 (2%)

STATEMENTS

The said loss did not originate by any act, design or procurement on the part of your insured, or this affiant; nothing has been done by or with privity or consent of your insured or this affiant, to violate the conditions of the policy, or render it void; no articles are mentioned herein or in annexed schedules but such as were destroyed or damaged at the time of said loss; no property saved has in any manner been concealed, and no attempt to deceive the said company, as to the extent of said loss, has in any manner been made. Any other information that may be required will be furnished and considered a part of this proof.

The furnishing of this blank or the preparation of its proofs by a representative of the above insurance company is not a waiver of any of its rights.

State of
County ofIllinois
Cook
Insured

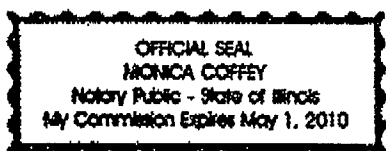
Subscribed and sworn before me this

8th

Day of

August 200 7
Monica Coffey

Notary Public

TMC Company File
000176

Amount of Policy at Time of Loss:

\$1,000,000

Date Issued:

12/15/064

Date Expires:

12/15/07

**SWORN STATEMENT
IN
PROOF OF LOSS**

Policy Number:

OMC5389697

Agent:

Marsh USA Inc.

Seattle, WA

To the Great American Insurance Company

At the time of loss, by the above indicated policy of insurance, you insured -

The Boeing Company

against loss to the property described according to the terms and conditions of said policy and of all forms, endorsements, transfers, and assignments attached hereto.

**TIME AND
ORIGIN**

A transit Loss occurred about the hour of _____ o'clock _____ m., on
the 13th day of June 200 6, the cause and origin of the said loss were:
Jet engines damaged in transit.

**TITLE AND
INTEREST**

At the time of the loss, the interest of your insured in the property described herein was owner.No other person or persons had any interest therein or encumbrance thereon, except: n/a.

CHANGES

Since the said policy was issued, there has been no assignment thereof, or change or interest, use,
occupancy, possessions, location, or exposure of the property described except n/a.

**TOTAL
INSURANCE**

THE TOTAL AMOUNT OF INSURANCE upon the property described by this policy was, at the time of loss
\$100,000,000 as more particularly specified in the apportionment attached, besides which there was no
policy or other contract of insurance, written or oral, valid or invalid.

VALUE

THE ACTUAL CASH VALUE of said property at the time of loss was

\$

LOSS

THE WHOLE LOSS AND DAMAGE was

\$5,750,000

AMOUNT

THE AMOUNT CLAIMED under the above numbered policy is

\$57,500 (1%)

STATEMENTS

The said loss did not originate by any act, design or procurement on the part of your insured, or this affiant;
nothing has been done by or with privity or consent of your insured or this affiant, to violate the conditions of
the policy, or render it void; no articles are mentioned herein or in annexed schedules but such as were
destroyed or damaged at the time of said loss; no property saved has in any manner been concealed, and no
attempt to deceive the said company, as to the extent of said loss, has in any manner been made. Any other
information that may be required will be furnished and considered a part of this proof.

The furnishing of this blank or the preparation of its proofs by a representative of the above insurance
company is not a waiver of any of its rights.

State of

Illinois

County of

Cook

Insured

Subscribed and sworn before me this

8th

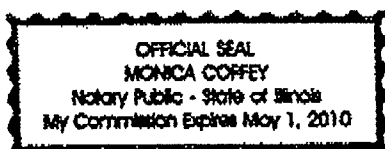
Day of

August

200

7Monica Coffey

Notary Public



Amount of Policy at Time of Loss:

\$1,000,000

Date Issued:

12/15/064

Date Expires:

12/15/07

**SWORN STATEMENT
IN
PROOF OF LOSS**

Policy Number:

83CTPAJ7978

Agent:

Marsh USA Inc.

Seattle, WA

To the Hartford Insurance Company

At the time of loss, by the above indicated policy of insurance, you insured -

The Boeing Company

against loss to the property described according to the terms and conditions of said policy and of all forms, endorsements, transfers, and assignments attached hereto.

TIME AND ORIGIN A transit Loss occurred about the hour of _____ o'clock _____ m., on the 13th day of June 200 6, the cause and origin of the said loss were: Jet engines damaged in transit.

TITLE AND INTEREST At the time of the loss, the interest of your insured in the property described herein was owner.
No other person or persons had any interest therein or encumbrance thereon, except: n/a.

CHANGES Since the said policy was issued, there has been no assignment thereof, or change or interest, use, occupancy, possessions, location, or exposure of the property described except n/a.

TOTAL INSURANCE THE TOTAL AMOUNT OF INSURANCE upon the property described by this policy was, at the time of loss \$100,000,000 as more particularly specified in the apportionment attached, besides which there was no policy or other contract of insurance, written or oral, valid or invalid.

VALUE THE ACTUAL CASH VALUE of said property at the time of loss was \$ _____

LOSS THE WHOLE LOSS AND DAMAGE was \$5,750,000

AMOUNT THE AMOUNT CLAIMED under the above numbered policy is \$57,500 (1%)

STATEMENTS The said loss did not originate by any act, design or procurement on the part of your insured, or this affiant; nothing has been done by or with privity or consent of your insured or this affiant, to violate the conditions of the policy, or render it void; no articles are mentioned herein or in annexed schedules but such as were destroyed or damaged at the time of said loss; no property saved has in any manner been concealed, and no attempt to deceive the said company, as to the extent of said loss, has in any manner been made. Any other information that may be required will be furnished and considered a part of this proof.

The furnishing of this blank or the preparation of its proofs by a representative of the above insurance company is not a waiver of any of its rights.

State of _____
County of _____

Illinois
Cook

[Signature]

Insured

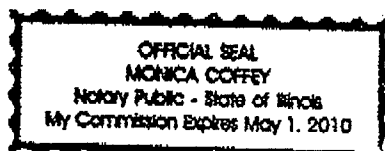
Subscribed and sworn before me this

8th

Day of

August 200 7
Monica Coffey

Notary Public



Amount of Policy at Time of Loss:

\$28,500,000

Date Issued:

12/15/064

Date Expires:

12/15/07

**SWORN STATEMENT
IN
PROOF OF LOSS**

Policy Number:

JC487006

Agent:

Marsh USA Inc.

Seattle, WA

To the Interested Underwriters at Lloyd's and other London Companies

At the time of loss, by the above indicated policy of insurance, you insured -

The Boeing Company

against loss to the property described according to the terms and conditions of said policy and of all forms, endorsements, transfers, and assignments attached hereto.

TIME AND ORIGIN A transit Loss occurred about the hour of _____ o'clock _____ m., on the 13th day of June 200 6, the cause and origin of the said loss were: Jet engines damaged in transit.

TITLE AND INTEREST At the time of the loss, the interest of your insured in the property described herein was owner.
No other person or persons had any interest therein or encumbrance thereon, except: n/a.

CHANGES Since the said policy was issued, there has been no assignment thereof, or change or interest, use, occupancy, possessions, location, or exposure of the property described except n/a.

TOTAL INSURANCE THE TOTAL AMOUNT OF INSURANCE upon the property described by this policy was, at the time of loss \$100,000,000 as more particularly specified in the apportionment attached, besides which there was no policy or other contract of insurance, written or oral, valid or invalid.

VALUE THE ACTUAL CASH VALUE of said property at the time of loss was \$ _____

LOSS THE WHOLE LOSS AND DAMAGE was \$5,750,000

AMOUNT THE AMOUNT CLAIMED under the above numbered policy is \$1,638,750 (28.5%)

STATEMENTS The said loss did not originate by any act, design or procurement on the part of your insured, or this affiant; nothing has been done by or with privity or consent of your insured or this affiant, to violate the conditions of the policy, or render it void; no articles are mentioned herein or in annexed schedules but such as were destroyed or damaged at the time of said loss; no property saved has in any manner been concealed, and no attempt to deceive the said company, as to the extent of said loss, has in any manner been made. Any other information that may be required will be furnished and considered a part of this proof.

The furnishing of this blank or the preparation of its proofs by a representative of the above insurance company is not a waiver of any of its rights.

State of _____
County of _____

Illinois
Cook

[Signature]
Insured

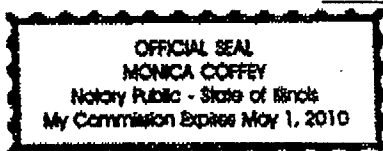
Subscribed and sworn before me this

8th

Day of

August 200 7
Monica Coffey

Notary Public



Amount of Policy at Time of Loss:

\$5,000,000

Date Issued:

02/15/064

Date Expires:

02/15/07

**SWORN STATEMENT
IN
PROOF OF LOSS**

Policy Number:

OCMM001130

Agent:

Marsh USA Inc.

Seattle, WA

To the Mitsui Insurance Company

At the time of loss, by the above indicated policy of insurance, you insured -

The Boeing Company

against loss to the property described according to the terms and conditions of said policy and of all forms, endorsements, transfers, and assignments attached hereto.

**TIME AND
ORIGIN**

A transit Loss occurred about the hour of _____ o'clock _____ m., on
the 13th day of June 200 6, the cause and origin of the said loss were:
Jet engines damaged in transit.

**TITLE AND
INTEREST**

At the time of the loss, the interest of your insured in the property described herein was owner.
No other person or persons had any interest therein or encumbrance thereon, except: n/a.

CHANGES

Since the said policy was issued, there has been no assignment thereof, or change or interest, use,
occupancy, possessions, location, or exposure of the property described except n/a.

**TOTAL
INSURANCE**

THE TOTAL AMOUNT OF INSURANCE upon the property described by this policy was, at the time of loss
\$100,000,000 as more particularly specified in the apportionment attached, besides which there was no
policy or other contract of insurance, written or oral, valid or invalid.

VALUE

THE ACTUAL CASH VALUE of said property at the time of loss was

\$

LOSS

THE WHOLE LOSS AND DAMAGE was

\$5,750,000

AMOUNT

THE AMOUNT CLAIMED under the above numbered policy is

\$287,500 (5%)

STATEMENTS

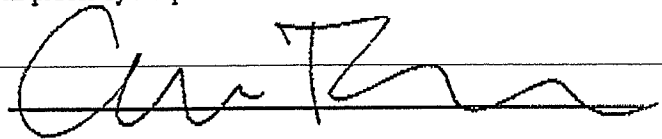
The said loss did not originate by any act, design or procurement on the part of your insured, or this affiant;
nothing has been done by or with privity or consent of your insured or this affiant, to violate the conditions of
the policy, or render it void; no articles are mentioned herein or in annexed schedules but such as were
destroyed or damaged at the time of said loss; no property saved has in any manner been concealed, and no
attempt to deceive the said company, as to the extent of said loss, has in any manner been made. Any other
information that may be required will be furnished and considered a part of this proof.

The furnishing of this blank or the preparation of its proofs by a representative of the above insurance
company is not a waiver of any of its rights.

State of

Illinois

County of

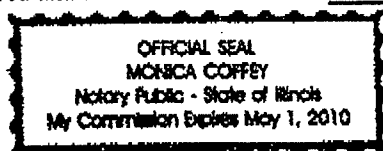
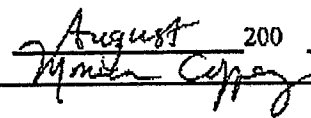
Cook


Insured

Subscribed and sworn before me this

8th

Day of

August 200 7


Notary Public

Amount of Policy at Time of Loss:

\$2,500,000

Date Issued:

02/15/064

Date Expires:

02/15/07

**SWORN STATEMENT
IN
PROOF OF LOSS**

Policy Number:

CAR300008

Agent:

Marsh USA Inc.

Seattle, WA

To the RLI Insurance Company

At the time of loss, by the above indicated policy of insurance, you insured -

The Boeing Company

against loss to the property described according to the terms and conditions of said policy and of all forms, endorsements, transfers, and assignments attached hereto.

**TIME AND
ORIGIN**

A transit Loss occurred about the hour of _____ o'clock _____ m., on the 13th day of June 200 6, the cause and origin of the said loss were:
Jet engines damaged in transit.

**TITLE AND
INTEREST**

At the time of the loss, the interest of your insured in the property described herein was owner.No other person or persons had any interest therein or encumbrance thereon, except: n/a.

CHANGES

Since the said policy was issued, there has been no assignment thereof, or change or interest, use, occupancy, possessions, location, or exposure of the property described except n/a.

**TOTAL
INSURANCE**

THE TOTAL AMOUNT OF INSURANCE upon the property described by this policy was, at the time of loss \$100,000,000 as more particularly specified in the apportionment attached, besides which there was no policy or other contract of insurance, written or oral, valid or invalid.

VALUE

THE ACTUAL CASH VALUE of said property at the time of loss was

\$

LOSS

THE WHOLE LOSS AND DAMAGE was

\$5,750,000

AMOUNT

THE AMOUNT CLAIMED under the above numbered policy is

\$143,750 (2.5%)

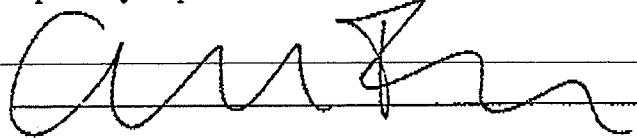
STATEMENTS

The said loss did not originate by any act, design or procurement on the part of your insured, or this affiant; nothing has been done by or with privity or consent of your insured or this affiant, to violate the conditions of the policy, or render it void; no articles are mentioned herein or in annexed schedules but such as were destroyed or damaged at the time of said loss; no property saved has in any manner been concealed, and no attempt to deceive the said company, as to the extent of said loss, has in any manner been made. Any other information that may be required will be furnished and considered a part of this proof.

The furnishing of this blank or the preparation of its proofs by a representative of the above insurance company is not a waiver of any of its rights.

State of
County of

Illinois
Cook



Insured

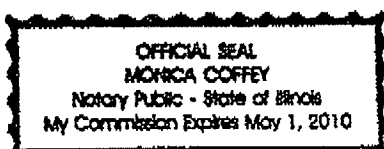
Subscribed and sworn before me this

8th

Day of

August 200 7
Monica Coffey

Notary Public



Amount of Policy at Time of Loss:

\$30,000,000

Date Issued:

02/15/064

Date Expires:

02/15/07

**SWORN STATEMENT
IN
PROOF OF LOSS**

Policy Number:

JC487006

Agent:

Marsh USA Inc.Seattle, WATo the Royal Sun Alliance Insurance Company

At the time of loss, by the above indicated policy of insurance, you insured -

The Boeing Company

against loss to the property described according to the terms and conditions of said policy and of all forms, endorsements, transfers, and assignments attached hereto.

**TIME AND
ORIGIN**

A transit Loss occurred about the hour of _____ o'clock _____ m., on
the 13th day of June 200 6, the cause and origin of the said loss were:
Jet engines damaged in transit.

**TITLE AND
INTEREST**

At the time of the loss, the interest of your insured in the property described herein was owner.No other person or persons had any interest therein or encumbrance thereon, except: n/a.

CHANGES

Since the said policy was issued, there has been no assignment thereof, or change or interest, use,
occupancy, possessions, location, or exposure of the property described except n/a.

**TOTAL
INSURANCE**

THE TOTAL AMOUNT OF INSURANCE upon the property described by this policy was, at the time of loss
\$100,000,000 as more particularly specified in the apportionment attached, besides which there was no
policy or other contract of insurance, written or oral, valid or invalid.

VALUE

THE ACTUAL CASH VALUE of said property at the time of loss was

\$ _____

LOSS

THE WHOLE LOSS AND DAMAGE was

\$5,750,000

AMOUNT

THE AMOUNT CLAIMED under the above numbered policy is

\$1,725,000 (30%)

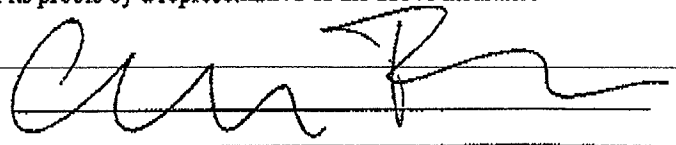
STATEMENTS

The said loss did not originate by any act, design or procurement on the part of your insured, or this affiant;
nothing has been done by or with privity or consent of your insured or this affiant, to violate the conditions of
the policy, or render it void; no articles are mentioned herein or in annexed schedules but such as were
destroyed or damaged at the time of said loss; no property saved has in any manner been concealed, and no
attempt to deceive the said company, as to the extent of said loss, has in any manner been made. Any other
information that may be required will be furnished and considered a part of this proof.

The furnishing of this blank or the preparation of its proofs by a representative of the above insurance
company is not a waiver of any of its rights.

State of
County of

Illinois
Cook



Insured

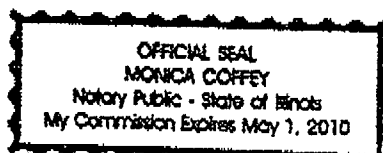
Subscribed and sworn before me this

8th

Day of

August 200 7
Monica Coffey

Notary Public



Amount of Policy at Time of Loss:

\$1,000,000

Date Issued:

12/15/064

Date Expires:

12/15/07

**SWORN STATEMENT
IN
PROOF OF LOSS**

Policy Number:

OC01200749

Agent:

Marsh USA Inc.

Seattle, WA

To the St. Paul Travelers Insurance Company

At the time of loss, by the above indicated policy of insurance, you insured -

The Boeing Company

against loss to the property described according to the terms and conditions of said policy and of all forms, endorsements, transfers, and assignments attached hereto.

**TIME AND
ORIGIN**

A transit Loss occurred about the hour of _____ o'clock _____ m., on the 13th day of June 200 6, the cause and origin of the said loss were:
Jet engines damaged in transit.

**TITLE AND
INTEREST**

At the time of the loss, the interest of your insured in the property described herein was owner.

No other person or persons had any interest therein or encumbrance thereon, except: n/a.

CHANGES

Since the said policy was issued, there has been no assignment thereof, or change or interest, use, occupancy, possessions, location, or exposure of the property described except n/a.

**TOTAL
INSURANCE**

THE TOTAL AMOUNT OF INSURANCE upon the property described by this policy was, at the time of loss \$100,000,000 as more particularly specified in the apportionment attached, besides which there was no policy or other contract of insurance, written or oral, valid or invalid.

VALUE

THE ACTUAL CASH VALUE of said property at the time of loss was

\$

LOSS

THE WHOLE LOSS AND DAMAGE was

\$5,750,000

AMOUNT

THE AMOUNT CLAIMED under the above numbered policy is

\$57,500 (1%)

STATEMENTS

The said loss did not originate by any act, design or procurement on the part of your insured, or this affiant; nothing has been done by or with privity or consent of your insured or this affiant, to violate the conditions of the policy, or render it void; no articles are mentioned herein or in annexed schedules but such as were destroyed or damaged at the time of said loss; no property saved has in any manner been concealed, and no attempt to deceive the said company, as to the extent of said loss, has in any manner been made. Any other information that may be required will be furnished and considered a part of this proof.

The furnishing of this blank or the preparation of its proofs by a representative of the above insurance company is not a waiver of any of its rights.

State of

Illinois

County of

Cook

Insured

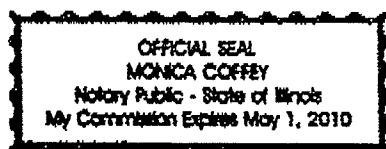
Subscribed and sworn before me this

8th

Day of

August 200 7
Monica Coffey

Notary Public



Amount of Policy at Time of Loss:

\$5,000,000

Date Issued:

12/15/064

Date Expires:

12/15/07

**SWORN STATEMENT
IN
PROOF OF LOSS**

Policy Number:

T060010666

Agent:

Marsh USA Inc.

Seattle, WA

To the Tokio Marine Insurance Company

At the time of loss, by the above indicated policy of insurance, you insured -

The Boeing Company

against loss to the property described according to the terms and conditions of said policy and of all forms, endorsements, transfers, and assignments attached hereto.

**TIME AND
ORIGIN**

A transit Loss occurred about the hour of _____ o'clock _____ m., on the 13th day of June 200 6, the cause and origin of the said loss were: Jet engines damaged in transit.

**TITLE AND
INTEREST**

At the time of the loss, the interest of your insured in the property described herein was owner.
No other person or persons had any interest therein or encumbrance thereon, except: n/a.

CHANGES

Since the said policy was issued, there has been no assignment thereof, or change or interest, use, occupancy, possessions, location, or exposure of the property described except n/a.

**TOTAL
INSURANCE**

THE TOTAL AMOUNT OF INSURANCE upon the property described by this policy was, at the time of loss \$100,000,000 as more particularly specified in the apportionment attached, besides which there was no policy or other contract of insurance, written or oral, valid or invalid.

VALUE

THE ACTUAL CASH VALUE of said property at the time of loss was

\$

LOSS

THE WHOLE LOSS AND DAMAGE was

\$5,750,000

AMOUNT

THE AMOUNT CLAIMED under the above numbered policy is

\$287,500 (5%)

STATEMENTS

The said loss did not originate by any act, design or procurement on the part of your insured, or this affiant; nothing has been done by or with privity or consent of your insured or this affiant, to violate the conditions of the policy, or render it void; no articles are mentioned herein or in annexed schedules but such as were destroyed or damaged at the time of said loss; no property saved has in any manner been concealed, and no attempt to deceive the said company, as to the extent of said loss, has in any manner been made. Any other information that may be required will be furnished and considered a part of this proof.

The furnishing of this blank or the preparation of its proofs by a representative of the above insurance company is not a waiver of any of its rights.

State of
County of

Illinois

Cook

[Signature]
Insured

Subscribed and sworn before me this

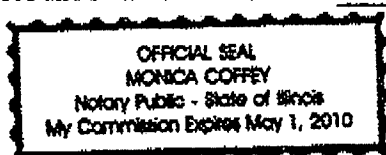
8th

Day of

August

200

7



[Signature]
Notary Public

ENCLOSURE #3

*Engine Salvage Report –
Charles Taylor Aviation*

Charles Taylor
aviation

McLarens Young International

Attn: Tim Owen, CPCU - via email: tim.owen@mclarensyoung.com

19324 40th Ave. W, Suite C

Lynnwood, WA 98036

July 27, 2007

Your Ref: 03.002279.00

Dear Tim,

Our Ref	:	M7090
Assured	:	Boeing Aircraft Company
Aircraft	:	CFM56-7B engines, MSNs: 892-976 & 892-978
Incident	:	Engines damaged in transit – 13 June 2006 – Interstate 74 in Illinois

ENGINE VALUE EVALUTION REPORT

References

1. CTa Engine Survey Report dated July 25, 2007

Introduction

Following our referenced Engine Survey Report, CTa was instructed by McLarens Young International to provide an opinion of the value of the 2 subject engines in their current un-repaired condition. A discussion of the influencing factors and opinions now follows.

Value Evaluation

Currently and for some time in the foreseeable future the CFM56-7B engine is in very high demand. The engine is used on Boeing's 737 Next Generation (-700, -800 & -900) aircraft, which has a significant production order backlog and is used throughout the world by major airlines as well as on the Boeing Business Jets (BBJ).

The cost for a new CFM56-7B engine is \$7,100,000 and we were advised that a \$300,000 'airline' discount is provided to Boeing. Using the budgetary repair estimates provided in our Engine Survey Report the logical estimated value of the engines would be as follows:

Formerly known as CTC Services Aviation (LAD Inc)

3000 SW 148th Avenue, Suite 303

Miramar, FL 33027-4169 U.S.A.

Tel (954) 447 9870

Fax (954) 447 9875

www.charlestayloradj.com

A trading name of LAD Aviation Inc. FEIN 75-2955191

A Charles Taylor Consulting company

M7090, Boeing, DOL 13 Jun 06
Engine Value Evaluation Report, 27 Jul 07

Page 2 of 2

1. ESN 892-976 new value of \$6.8 million less an estimated repair cost of \$613,950 has an estimated value of \$6,186,050 remaining.
2. ESN 892-978 new value of \$6.8 million less the \$1,123,358 has an estimated value of \$5,676,642 remaining.

These would be the logical 'hard' values, however taking into consideration the risk of further damages being found during actual repairs, the loss of value in that the engines were involved in an accident and that they are now repaired in lieu of being new.

Though the engines can be repaired economically to a like new condition with only test cell times on them, they will be considered repaired engines. However, the engine components and parts having virtually no operating usage enhance the value of the repaired engines compared to engines with time on them fresh out of overhaul.

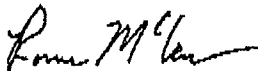
Our research did not indicate any FAA regulation requirement for GE to stigmatize the engines as having been involved in an accident. We note that GE's recommended return to service workscope referenced in our Engine Survey Report states the inspection is not warranted. This disclaimer to hold GE harmless refers further hidden damages that may not be found from the GE workscope inspection as the depth of the workscope is limited. Upon completion of the engine repairs the engines will be documented as airworthy and serviceable by the repair facility. However, the shop warranty would be limited and this will have a significant affect on its perceived value.

The individual engine parts, except those with damage, could be worth more than the engine value, but again it may be the parts are required to be identified as have coming from an accident engine and adversely affect their market value.

CTa's limited market inquiries to aircraft/engine leasing companies, GA Telesis in particular, indicate the engines might be worth \$4 to \$5 million in the market in the as is condition.

There may be other perspectives to consider in estimating a reasonable value for the subject engines un-repaired, however, taking into account the above, especially the strong market conditions the value range for ESN 892-976 is between \$4 to \$5 million and for ESN 892-978 is between \$3.5 to \$4.5 million.

Yours sincerely,



Ronn McCaw
Surveyor & Adjuster - Aviation